

- The lots are small implying little flexibility in siting improvements.
- The use is exclusively residential, i.e., no related rural uses such as livestock, farm or hay plots, pasture, exclusive hunting or fishing access, etc.
- The lots are relatively homogeneous so there are substitutes similar in most respects except for the transmission lines. Another way of saying this is that the transmission lines are a conspicuous differentiator of the lots.
- Cove View Estates had the clearest price effect where the lot adjacent to the lines sold for 50% of the sale price of the lot of the same size immediately next to it.
- In the Salish Shores Subdivision, the lines pass over two lots which sold at the same price as unaffected lots. Net of the easement area, however, the two lots are from 50% to 100% larger than the other lots in the subdivision. From the developer's perspective the loss is proportional to the extra land required to sell these lots at the same price. From a market perspective, buyers would not likely be willing to pay double for a 1.2 acre lot relative to a .6 acre lot, so directly applying the size allowance would overstate the purchase price effect. Nevertheless, the purchase price effect of doubling the lot size as a measure of impact would be significant.
- In Panorama Estates, the implied listing price discount is on the order of 50% which aligns with the extent to which the lots are encumbered.
- Absorption effects were evident at Panorama Estates, with marketing time doubled for affected lots relative to unaffected lots. Salish Shores was interesting in that it was hugely successful, selling out 44 lots in two years. Nevertheless, the 8 lots closest to the transmission lines took an average of 10 months to sell, while the other 36 lots sold in an average of 2 months. Cove View and Waterfront Estates had a much smaller number of lots and there was no absorption effect.
- In general, with these smaller lots, encumbrance was more of an issue because of siting constraints, as was adjacency, although it was surprising that no proximity effects on sale price were found beyond the adjacent lots. Proximity did impact marketing time at Salish Shores and at Panorama Estates.
- A 100% impact on the absorption period may not be a serious consideration in a very active market, but in the more distressed market of today it could mean an increased holding period of many years.

Table 4 Rural Residential Subdivisions—Lot Size Less Than 5 Acres

	SubD/Lot#	Lot Size (acres)	Report	Evidence Supporting Price Effect	Evidence Supporting Absorption Effect	Comments
1	Rosebud Trx 2	0.240	Sale Analysis	no	no	Buyer concerned with health effects and radio reception interference.
2	Rosebud Trx 3	0.246	Interview Summary	no	no	Broker commented that housing is so tight in Colstrip that HVTL have no impact on value.
3	Panorama Estates (Sanders Cty)	approx 1.0	SubD Study	yes	yes	Evidence of price effects is sketchy; but absorption period for encumbered lots is at least 2 times that for unencumbered lots.
4	Cove View Estates (Sanders Cty)	approx 3.0	SubD Study	yes	no	Lot abutting HVTL sold for 50% less than adjacent two lots of about the same size. No absorption effect.
5	Waterfront Estates (Sanders Cty)	1.5 to 3.5	SubD Study	no	no	Sold out 11 riverfront lots in one year; no evidence of price or absorption effects.
6	Salish Shores #1 (Sanders Cty)	approx 1.0	SubD Study	yes	yes	The two encumbered lots are about twice the size (net of the easement) of the other lots and sold at the same price. Lots closest to the line sold more slowly.

Question: Did you ask ATXI a series of questions to determine if the company had sufficiently taken home owner's, health and property devaluation into consideration when planning the routes?

Answer: Yes, we did. Please see **Exhibit M**